



**USAID**  
FROM THE AMERICAN PEOPLE

**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT  
ANNOUNCEMENT  
CALL FOR PARTNERSHIP CONCEPTS**

**Partnerships for Climate Smart Food System Innovations in Nepal**

**UNDER EXISTING  
GLOBAL DEVELOPMENT ALLIANCE ANNUAL PROGRAM STATEMENT  
APS No.: APS-OAA-21-00001**

**PLEASE NOTE: This is an addendum to an existing announcement. All interested organizations should carefully review both this addendum AND the full announcement, which can be found here: <https://www.usaid.gov/gda/global-development-alliance-annual-program>. Important information contained in the full announcement applies to but is not repeated in this specific addendum.**

This program is authorized in accordance with Part 1 of the Foreign Assistance act of 1961, as amended.

Through this Addendum to the Global Development Alliance (GDA) Annual Program Statement (APS) No. APS-OAA-21-00001 (the GDA APS), USAID/Nepal is making a special call for the submission of concepts focused on private sector partnerships for climate smart food system innovations in Nepal.

Capitalizing on the GDA approach, USAID/Nepal's Economic Growth Office seeks to invest in market-based solutions within the food system that help Nepalis better adapt to and mitigate the effects of climate change.<sup>1</sup> The specific objectives of this GDA Addendum are to establish partnerships that 1) advance climate smart agriculture and 2) generate reductions in food loss and waste.

USAID may allocate up to \$2,000,000 under this Addendum to fund a portfolio of up to four partnerships, with funding for any individual partnership estimated to be in the range of \$500,000 to \$2 million. Unless otherwise stated herein, all terms and conditions of the GDA APS FY 2020-2022 apply.<sup>2</sup> As stated in the APS, the partnerships proposed in any concept submission should mobilize and leverage private sector resources at a level and value that at least equals and preferably significantly exceeds the level of funding being

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<sup>1</sup> The U.S. Global Food Security Strategy (GFSS) defines food systems as the “interrelated components of people, behaviors, relationships, and material goods that interact in the production, processing, packaging, transporting, trade, marketing, consumption, and use of food, feed, and fiber.”

<sup>2</sup> USAID GDA APS 2020-2022: <https://www.usaid.gov/gda/global-development-alliance-annual-program>

requested from USAID. Proposed GDAs that do not meet this requirement will not be considered under this announcement.

Partnerships established under this solicitation will advance USAID/Nepal's Country Development Cooperation Strategy (CDCS)<sup>3</sup> by furthering Development Objective 2: Broad-based and inclusive economic growth fostered. They will also contribute to the U.S. Government's Global Food Security Strategy (GFSS) Nepal Country Plan, part of the Feed the Future initiative to sustainably improve global food security by addressing the root causes of poverty, hunger and malnutrition.<sup>4</sup> Partnerships will also further the goals of USAID's draft Climate Strategy.<sup>5</sup>

## **I. Background**

Nepal is one of the poorest and least developed countries in Asia, and macroeconomic indicators demonstrate that the economic situation has worsened since the start of the COVID-19 pandemic. For example, GDP growth contracted considerably, from an average of eight percent in the post-earthquake period 2017-2019, to negative two percent in 2020.<sup>6</sup> A slow recovery of about two percent GDP growth is expected for 2021.<sup>7</sup> Factors such as a growing trade deficit, low levels of private investment, and increasing inflation also contribute to Nepal's economic underperformance. Critically, the economy also lacks diversity, relying primarily on subsistence agriculture, which employs about 74 percent of the economically active population. Economic challenges in Nepal are reinforced and exacerbated by social disparities, particularly socio-economic status, caste, and ethnicity.

Climate change is projected to cost Nepal around two percent of GDP annually by 2050.<sup>8</sup> The impacts of climate change on agriculture are particularly detrimental to economic growth simply because such a large portion of economically active adults earn their livelihood from agriculture. Since agriculture is a primary source of food and nutrition, climate risks also undermine food security and health, creating a negative cycle that further reduces labor productivity and weakens economic growth. As a sector, agriculture is particularly susceptible to the effects of climate change because of the geospatial distribution of agricultural areas; only 17 percent of Nepal's total land area is suitable for agriculture, and this largely coincides with the floodplains of the lowland Terai where droughts and floods are more common. Most of Nepali agriculture is rainfed, making it very affected by the quantity and timing of precipitation. Critical climate-related risks for agriculture are soil erosion, pests and diseases, reduced yields, and damages to crops and livestock.

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<sup>3</sup> USAID Nepal CDCS 2020-2025: <https://www.usaid.gov/nepal/cdcs>

<sup>4</sup> GFSS Nepal Country Plan:

<https://www.usaid.gov/documents/1867/feed-future-global-food-security-strategy-gfss-nepal-country-plan>

<sup>5</sup> USAID Climate Strategy (draft):

<https://www.usaid.gov/sites/default/files/documents/USAID-Climate-Change-Strategy-2022-2030-Official-Draft.pdf>

<sup>6</sup> World Bank. 2022. <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=NP>

<sup>7</sup> ADB. 2021. <https://www.adb.org/countries/nepal/economy>

<sup>8</sup> ADB. 2014. <https://www.adb.org/publications/assessing-costs-climate-change-and-adaptation-south-asia>

Malnutrition negatively impacts Nepal's economic productivity by undermining health, exacerbating multidimensional poverty, and limiting engagement in a productive livelihood. Although the country has made tremendous progress in improving the nutritional status of its population over the last two decades, the prevalence of all forms of malnutrition is still high, with marked disparities according to geography, socio-economic status, and caste/ethnicity<sup>9</sup>. Thirty-two percent of children under five years are stunted, and 12 percent of children are wasted.<sup>10</sup> Fifty-two percent of child deaths in Nepal are associated with malnutrition, and diarrhea remains the leading cause of morbidity and mortality of children under five years old.<sup>11 12</sup> A lack of food safety in Nepal contributes to malnutrition mainly because foodborne pathogens are a major source of diarrheal disease, which undermines the body's ability to properly absorb nutrients. Negative experiences with unsafe foods may also discourage consumers from consuming nutrient dense fresh fruit and vegetables. The absence of a sanitary and phytosanitary (SPS) system to ensure food safety in Nepal negatively affects not only the health of domestic consumers but also severely limits Nepal's opportunities for international agricultural trade.

Around 30 percent of all Nepali produce is estimated to spoil before it ever reaches consumers.<sup>13</sup> Besides taking a heavy financial toll on Nepali fruit and vegetable farmers and exacerbating the growing agricultural trade deficit, this spoilage dramatically reduces the availability of nutritious foods in local, national, and regional markets. Overall, food loss and waste (FLW) makes up a significant portion of agriculture's contribution to greenhouse gas emissions, and are globally estimated to contribute around 4.4 gigatons of carbon dioxide equivalent per year.<sup>14</sup> These emissions stem mainly from the inefficient use of agricultural inputs, associated transportation, and the release of methane from rotting food. Critical investments in infrastructure and market systems that safeguard agricultural commodities post-harvest are needed to ensure that products reach the market in a timely and sanitary manner.

## **II. Solicitation**

USAID/Nepal aims to engage more effectively with the private sector to remove constraints to inclusive, broad-based economic growth, and catalyze trade and investment to build a more diversified and vibrant economy. To achieve this, USAID/Nepal seeks to form partnerships with private sector actors to address development challenges through enterprise-based solutions, improve the investment climate, and accelerate innovation. Through this Addendum, USAID/Nepal will partner with businesses that operate within

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<sup>9</sup> Ghimire U, Manandhar J, Gautam A, et al. 2019. Inequalities in health outcomes and access to services by caste/ethnicity, province, and wealth quintile in Nepal

<sup>10</sup> Ministry of Health and Population, Nepal, New ERA, UNICEF, et al. (2018) Nepal National Micronutrient Status Survey, 2016. Kathmandu, Nepal: Ministry of Health and Population, Nepal

<sup>11</sup> UNICEF. 2019. <https://www.unicef.org/nepal/reports/every-child-nutrition>

<sup>12</sup> Li et al. Diarrhea in Under Five Year-old Children in Nepal: A Spatiotemporal Analysis Based on Demographic and Health Survey Data. *Int. J. Environ. Res. Public Health* 2020, 17, 2140

<sup>13</sup> Gautam and Bhattarai. *Postharvest Horticulture*. Kathmandu, Nepal. 2012.

<sup>14</sup> FAO. 2015. <https://www.fao.org/documents/card/en/c/7338e109-45e8-42da-92f3-ceb8d92002b0/>

the food system to better align with ongoing efforts to improve agricultural productivity and efficiency.

This GDA APS addendum seeks to solicit private sector partners whose businesses are equipped to advance USAID/Nepal's aims to address climate change by delivering innovations in the following areas:

1. **Climate Smart Agriculture (CSA):** CSA is an approach that seeks to transform agricultural systems through sustainable agricultural intensification, climate change adaptation, and reduced greenhouse gas emissions. In Nepal, CSA is an important way to build the resilience of farming communities to climate change. Potential partners may contribute to advancing CSA technologies and services at an appropriate scale for smallholder adaptation, and/or by seeking to create system-wide effects.
2. **Improved Food Safety and Reduced Food Loss and Waste (FLW):**  
In Nepal, poor food safety and food quality negatively impact nutrition, constrain opportunities for trade, and accelerate food loss and waste. A lack of food safety and food quality, especially for animal sourced foods and other perishable items, reduces the desirability, consumption, and utilization of nutrient dense foods. Food safety risks also make it difficult for Nepal to meet SPS requirements for agricultural exports, and discourage private sector investment in trade. Improving food safety and food quality will help to reduce FLW by building capacity to systematically manage risks, and by improving the marketability of nutritious agricultural products in domestic and international markets. Improving food safety and food quality and reducing FLW in Nepal depend on building stronger market linkages and efficiencies within value chains that shorten the time between harvest and consumption, along with strategic investments in infrastructure and processes designed to better preserve agricultural products.

Under this addendum, USAID/Nepal will only issue awards to a local partner, defined for this addendum according to the laws of Nepal, as an entity which:

- Has its principal place of business or operations in Nepal
- Is majority owned and controlled by individuals who are citizens or lawful permanent residents of Nepal
- Is managed by a governing body, the majority of whom are citizens or lawful permanent residents of Nepal
- If it has projects, offices, and/or registration in other countries, key management decisions are taken by the office located in Nepal
- Entity cannot be a United States-based organization

Private sector partners may be local or international, but partnership with the Nepali private sector is preferred. Eligible private sector entities<sup>15</sup> include:

- Private for-profit, commercial entities such as a business, corporation, small or medium enterprise or private firm<sup>16</sup>;
- Private equity or private financial institutions, including banks, micro finance institution, private investment firms, mutual funds, private equity funds and insurance companies;
- Private business or industry associations<sup>17</sup>;
- Cooperatives;
- Private foundations affiliated with for-profit, commercial entities; or
- Private foundations affiliated with non-for-profit and/or philanthropic goals.

### **III. Evaluation Considerations and Criteria**

Proposed alliances will be evaluated based on the considerations and criteria set forth in Section VI of the GDA APS. In addition, for the purposes of this addendum, the considerations below will also be used for prioritizing alliances.

Strategic Alignment: USAID/Nepal's most important consideration in reviewing applications will be the degree to which proposed alliances advance the strategic goals of the CDCS and GFSS Nepal Country Plan by contributing to the achievement of measurable development impacts related to the specific objectives mentioned in this addendum: climate smart agriculture and reduced food loss and waste.

Geographic Scope: USAID/Nepal is most interested in pursuing alliances that align geographically with existing investments in the Feed the Future Zone of Influence (FTF ZOI). However, just as market systems cross administrative boundaries, it may make sense to focus investments from this GDA Addendum outside of the ZOI in order to better scale innovations, serve populations within the ZOI, or create deeper impact. Applicants who propose to work outside of the ZOI will be asked to justify their geographical focus based on the logic of the intervention. The map below outlines the areas included in the FTF ZOI.

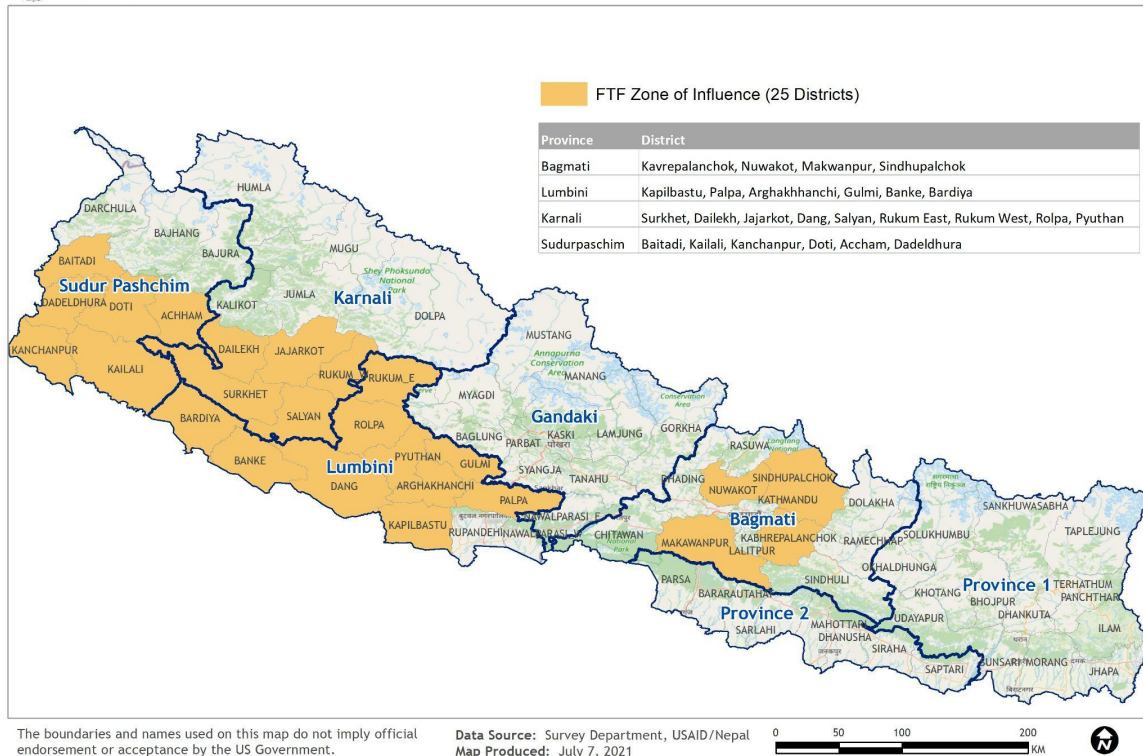
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<sup>15</sup> Under the GDA APS, individuals are not eligible as private sector; the private sector is limited to entities.

<sup>16</sup> Parastatals and government-owned companies do not qualify as private sector for purposes of meeting the private sector collaboration and leverage requirements under this APS.

<sup>17</sup> Example: Chambers of Commerce. Such associations and entities must be private, and the members must be entities, not individuals. Quasi-governmental associations would not satisfy the private sector partner requirement.

## NEPAL FTF ZONE OF INFLUENCE



**Leverage Requirement:** As stated in APS No. APS-OAA-21-00001, USAID expects to receive GDA concepts that mobilize and leverage private sector resources at a level and value that at least equals, and preferably significantly exceeds the level of funding being requested from USAID. The proposed leverage is expected to be reasonable, realistic and achievable. Applicants are required to submit letters of commitment from any entity that will be a source of private sector leverage.<sup>18</sup> While in-kind leverage is acceptable, proposed private sector leverage in the form of cash is preferred.

**Inclusion:** Under this GDA APS Addendum, USAID seeks to advance inclusive development by prioritizing investments in partnerships that address the needs of women, youth, and members of marginalized groups, and will concentrate on forming partnerships with businesses that are owned, managed, and/or operated by members of these populations.

**Local Engagement:** In line with USAID's efforts to place local communities at the center of development efforts, USAID/Nepal seeks to use this GDA opportunity to establish more partnerships with local private sector entities and civil society partners. Doing this will help to accelerate investments that accrue benefit to Nepali communities, and bring

<sup>18</sup> Prospective partners are advised to review Appendix I of the GDA APS, which sets forth the terms of the private sector leverage requirement and the criteria used to determine whether or not a contribution is potentially eligible to count as private sector leverage.

solutions to market that are appropriately contextualized and scaled for development impact.

**Sustainability:** Preference will be given to GDA concepts with private sector partners who demonstrate long term commitment to the targeted region. Concepts must present a clear sustainability strategy. Sustainability in this context is defined as “the likelihood of long-term success of the GDA, which ultimately requires advancing private sector business growth and economic opportunities and/or corporate social responsibility, local ownerships, leveraging local resources and expertise, and increasing the ongoing achievement of significant and enduring development results over time.” As a resource, please see USAID’s Private Sector Engagement Policy.<sup>19</sup>

**Digitization:** USAID/Nepal is particularly interested in establishing alliances that utilize digital products and services to strengthen impacts in the focus areas outlined above. There are a range of niche opportunities for digital products and services to improve the business environment for Small and Medium Enterprises (SMEs) within the food system, including but not limited to producers, processors of agricultural commodities, aggregators, marketers, retailers, traders, and restaurateurs. Some opportunities for digital products and services include information systems, e-commerce platforms, digital financing, and data-driven sourcing and logistics. Digital innovation is not a requirement for this APS Addendum, but will serve as a consideration when ranking potential partners.

Proposed alliances must be consistent with USAID legal and policy restrictions, including those set forth in USAID’s Automated Directives System (ADS) and in the Foreign Assistance Act of 1961.

(Note: If USAID requests a full application, applicants will be given additional, specific evaluation criteria that speak to the subject matter of the concept.)

#### **IV. Concept Submission Instructions and Review Process**

**Step 1 - Explore and Engage:** Private sector entities interested in developing a GDA should contact USAID/Nepal by email at [kathmandu-nepal-gda@usaid.gov](mailto:kathmandu-nepal-gda@usaid.gov), briefly describing (e.g, five sentences with no attachments) the problem or opportunity the private sector wants to address, and how addressing that matter might advance the objectives set forth in this addendum. Based on this email, USAID will determine whether to have initial discussions aimed at learning more about possible ways to collaborate. If the initial discussions between USAID and the private sector identify prospective opportunities for fruitful collaboration, USAID will advise the private sector (and, as appropriate, their partner organizations) of their eligibility to continue the co-creation design process.<sup>20</sup> Requests for engaging in discussions, exploring potential

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<sup>19</sup> USAID Private Sector Engagement Policy:

[https://www.usaid.gov/sites/default/files/documents/1865/usaid\\_psepolicy\\_final.pdf](https://www.usaid.gov/sites/default/files/documents/1865/usaid_psepolicy_final.pdf)

<sup>20</sup> USAID’s GDA co-creation process: <https://www.usaid.gov/gda/co-creation-process>



GDAs, and addressing questions related to this addendum should be sent to [kathmandu-nepal-gda@usaid.gov](mailto:kathmandu-nepal-gda@usaid.gov), copying [gda@usaid.gov](mailto:gda@usaid.gov).

Step 2 - USAID Indicates whether a Concept can be Submitted: USAID/Nepal will send an email to the potential applicant confirming the Step 1 discussions, and indicating whether USAID/Nepal is interested to move forward with a concept paper submission. Concept papers will not be reviewed unless USAID/Nepal's GDA team provides an email confirming the completion of initial Step 1 discussions with the private sector and indicating USAID/Nepal's willingness to receive and review a concept paper submission.

Step 3 - Concept Paper Submission: If USAID/Nepal indicates a willingness to entertain and review a concept paper, the applicant must address the objectives and criteria presented in this addendum, using the GDA Concept Paper Template found at [www.usaid.gov/gda/aps-2020-2022/concept-paper-template](http://www.usaid.gov/gda/aps-2020-2022/concept-paper-template). Applicants are required to follow all concept paper submission instructions set forth in Section V of the GDA APS. Concept papers should be submitted to [kathmandu-nepal-gda@usaid.gov](mailto:kathmandu-nepal-gda@usaid.gov), copying [gda@usaid.gov](mailto:gda@usaid.gov).

Step 4 - USAID Reviews Concept Paper: Concept papers will be reviewed on a rolling basis, subject to the availability of funds. All concept papers must be submitted by December 16, 2022 at 5:00pm (Nepal Standard Time) in order to be considered. Applicants can expect to receive a response regarding their official concept paper within 45 days of submission. After review by USAID/Nepal, applicants will receive instructions on whether to continue with co-creation under the GDA APS.

Step 5 - Proceed to Co-Creation: After review by USAID/Nepal, applicants will receive instructions on whether to continue with co-creation under the GDA APS. An interest in continuing with the process is NOT a commitment to an award or even a request for a full application. Those determinations will be made after further co-creation efforts, and depending on what emerges from that process, USAID may request a full application or proceed directly to award development. USAID/Nepal will be responsible for the review process and management of any awards issued under this addendum.

## **VI. Questions and Further Assistance**

Questions regarding the substance and objectives of this addendum should be directed to [kathmandu-nepal-gda@usaid.gov](mailto:kathmandu-nepal-gda@usaid.gov), copying [gda@usaid.gov](mailto:gda@usaid.gov).

USAID/Nepal will entertain and respond to questions at any point in the award process described above, whether during verbal discussions or via emails. However, past experience indicates that addressing recurrent questions publically, as early as possible in the process is of tremendous value to prospective partners as well as to USAID. To ensure that answers to frequently asked questions (FAQs) and clarifications of general interest can be communicated publically, USAID/Nepal requests that interested parties submit any questions about this addendum as soon as possible, and preferably before



June 1, 2022. Select questions that clarify matters in the addendum will be posted on [www.grants.gov](http://www.grants.gov) on an ongoing basis as needed. USAID/Nepal will not post all questions that are submitted, only those that USAID determines will clarify matters under the addendum.

For additional information regarding guidelines and procedures to submit a concept, please refer to the GDA APS which can be found at the following website:  
<https://www.usaid.gov/gda/global-development-alliance-annual-program>.